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**Title:**

Press statement - Succession Duties

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PRESS STATEMENT: 3/11/70.

Pr.D. 89/70.

FROM: THE PREMIER (MR. DUNSTAN)

SUBJECT: SUCCESSION DUTIES

"The new Succession Duties Act Amendment Bill will provide the fairest death duties system in Australia," the Premier (Mr. Dunstan) said today.

Mr. Dunstan was announcing details of the Amendment Bill which he said would be introduced in Parliament on Thursday.

Mr. Dunstan said that "the effect of the new rates of duty proposed, when combined with the relevant exemption provisions, will provide considerable middle and lower income concessions".

"It will free from duty successions by women and children under 21, generally up to \$12,000 instead of \$9,000 as at present."

"Successions by widowers, ancestors, and adult descendants will be free from succession duty up to \$6,000 instead of \$4,000 as at present".

Mr. Dunstan said that other pleasing aspects of the Bill are that it will extend exemptions and concessions in modest estates where the matrimonial home is concerned, and will also extend concessions where rural property is included in the succession.

"Where the matrimonial home passes to a widow or widower, for moderate successions the total exemptions may be up to \$18,000 and \$8,000 respectively."

"The Bill also provides for a new exemption of up to \$2,500 for insurance kept up by a deceased person for a widow, widower, ancestor or descendant.

"With rural property the Bill provides new increased rebates upon primary producing land so as to give effective relief to that sector".

"The proposal is to reduce by 40 p.c. the value of primary producing land passing to the immediate family of the deceased, instead of 30 p.c. for properties having a net value up to \$40,000".

"For properties of greater value, the concession will apply on a sliding scale up to \$200,000.

"Above \$200,000 the concession will be as in the present Act".

"The 40 p.c. concession for properties up to \$40,000 is therefore consistent with the concession proposed in the Bill before Parliament relating to land tax".

The effect of the Grants Commission.

Mr. Dunstan went on to say that at the moment the South Australian yield of succession duties is, on a per capita basis, the lowest in the Commonwealth.

"In 1969/70 South Australia raised \$7.20 per head while the other States' revenues per head were \$12.24 in New South Wales, \$12.99 in Victoria, \$9.83 in Western Australia, \$8.63 in Queensland and \$8.35 in Tasmania".

"In assessing the special Commonwealth Grant for which South Australia has applied, the Commonwealth Grants Commission will compare South Australian revenues in this area with those in New South Wales and Victoria."

"South Australia's duties are at present less than 60 p.c. of the yield in Victoria and New South Wales, which was last year equivalent to a \$6M. shortage".

"The Bill is therefore designed to bring together, for the purposes of determining duty payable, all property derived by any one beneficiary from a deceased person."

"This would avoid the present loss of revenue owing to separate treatment of a variety of successions, such as testamentary depositions, joint property passing by survivorship, settlements, trusts, and gifts."

"However, the duty will remain a succession duty - there will be no aggregation whatsoever of property passing to any one beneficiary with property passing to another beneficiary out of the same estate".

"This is in fact distinctly different from the estate duties imposed by the Commonwealth and other States, where the rate of duty

is determined primarily by the extent of the total estate irrespective of whether there be one or many beneficiaries".

"It is this which makes our new succession duties provisions the fairest in Australia".

Elimination of Fragmentation.

Mr. Dunstan said that the Bill proposes to eliminate the present fragmentation of property passing to an individual beneficiary.

"At the moment the most unjust aspect of succession duties in South Australia is that fragmentation means consequent avoidance of duty in larger estates and particularly those which include liquid assets".

"The man of moderate means and the farmer operating in a modest way is not able to benefit significantly by the various devices of avoidance, even if he were in an economic position to learn of them."

"The Government believes that this aspect of present succession duties must be altered to ensure that persons with considerable property and access to specialised advice do not remain in a privileged position."

"If they do, it will lead only to the multiplication of inequity for tax payers, of modest means".

"Deficiencies in South Australian revenue must be made up, otherwise the only alternative would be to starve our essential social services."

"It must therefore be made up from those more affluent sections of the community which at the moment pay duties at a rate considerably less than in the other Australian States".

"This is the only way to ensure that we have a case for a Special Grant before the Grants Commission".  
+ Scale attached.

DUTIES UPON SUCCESSIONS TO WIDOW OR CHILD UNDER 21.

A. Not including any interest in matrimonial home or primary producing property.

<u>Succession</u> \$	<u>Present Duty</u> \$	<u>Proposed Duty</u> \$	<u>Other States</u> \$
9,000	-	-	229
12,000	450	-	430
18,000	1,350	900	1,120
30,000	3,150	2,850	2,894
50,000	6,400	6,460	7,904
100,000	15,150	17,600	21,233
200,000	35,150	49,350	49,433

B. Comprises wholly primary producing property.

9,000	-	-	184
12,000	315	-	355
18,000	945	540	939
30,000	2,205	1,710	2,453
50,000	4,608	4,264	6,822
100,000	11,817	13,728	18,328
200,000	29,526	41,454	42,683

DUTIES UPON SUCCESSIONS TO ADULT DESCENDANTS.

NOTE: These rates apply in S.A. also to widower and ancestor.

A. Not including any interest in matrimonial home or primary producing property.

9,000	625	450	470
12,000	1,000	900	761
18,000	1,750	1,800	1,543
30,000	3,500	3,800	3,573
50,000	6,750	7,480	8,488
100,000	15,500	18,800	22,483
200,000	35,500	50,925	51,933

B. Comprises wholly primary producing property.

9,000	438	270	405
12,000	700	540	650
18,000	1,225	1,080	1,303
30,000	2,450	2,280	3,030
50,000	4,860	4,937	7,230
100,000	12,090	14,664	19,203
200,000	29,820	42,777	44,433

\* Derived from the average of three cases in each N.S.W. and Victoria - where the succession takes all, one-half, and one-quarter of the full estate.